

MEMORANDUM

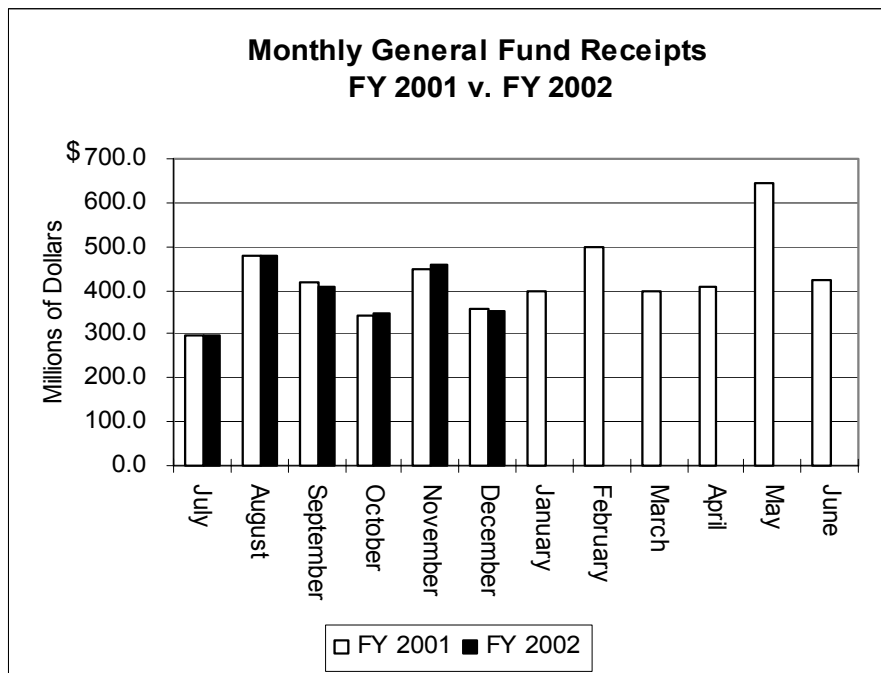
TO: Members of the Iowa Senate and
Members of the Iowa House of Representatives

FROM: Dennis C. Prouty

DATE: January 2, 2002

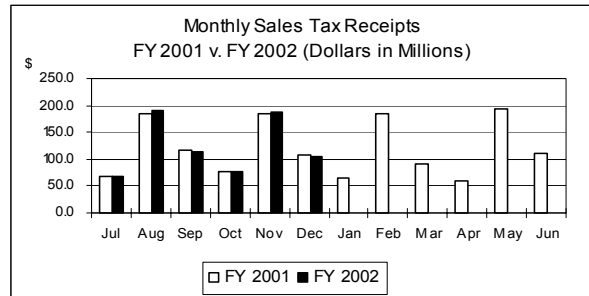
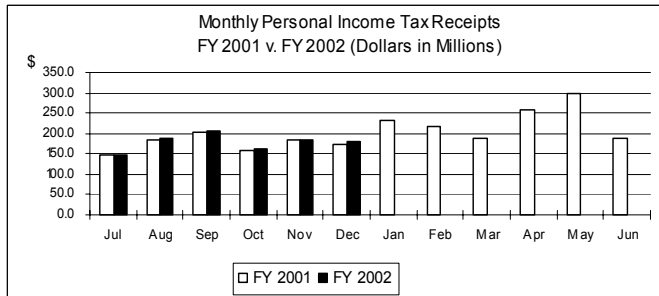
Monthly General Fund Receipts through December 31, 2001

The attached spreadsheet represents total FY 2002 estimated General Fund receipts, with comparable figures for actual FY 2001. These can be compared to the FY 2002 estimate (\$5,192.4 million) set by the Revenue Estimating Conference (REC) on December 7, 2001. The estimate represents an increase of \$77.9 million (1.5%) compared to actual FY 2001. The REC will meet in March 2002, to reevaluate the December 7, 2001, estimates.



FY 2002 Compared to FY 2001

Year-to-date FY 2002 revenue increased by \$700,000 (0.0%) compared to FY 2001. This is below the REC estimate of 1.5% for FY 2002.



Gross personal income tax revenues received in December totaled \$179.9 million, an increase of \$8.0 million (4.7%) compared to December 2000.

The REC FY 2002 income tax estimate of \$2,486.6 million represents a projected increase of 2.5% compared to actual FY 2001. The actual year-to-date growth in personal income tax is currently 2.0%.

The State tracks personal income tax in three sub-categories:

Withholding receipts in December increased 1.6% compared to December 2000.

Estimated tax payments in December increased 27.4% compared to December 2000.

Tax payments with returns in December increased 204.6% compared to December 2000. The majority of these revenues are collected when taxpayers file annual personal income tax returns and are received during the mid-March to April 30 filing period.

The Chart above compares monthly personal income tax receipts for FY 2001 with FY 2002.

Gross sales tax revenues received in December totaled \$103.8 million, a decrease of \$3.1 million (2.9%) compared to December 2000.

The REC estimate for FY 2002 sales tax receipts is \$1,483.0 million, which represents an increase of 2.9% compared to actual FY 2001.

The Chart above compares monthly sales tax receipts for FY 2001 with FY 2002.

Corporate income tax receipts in December were \$20.8 million, a decrease of \$3.2 million (13.3%) compared to December 2000.

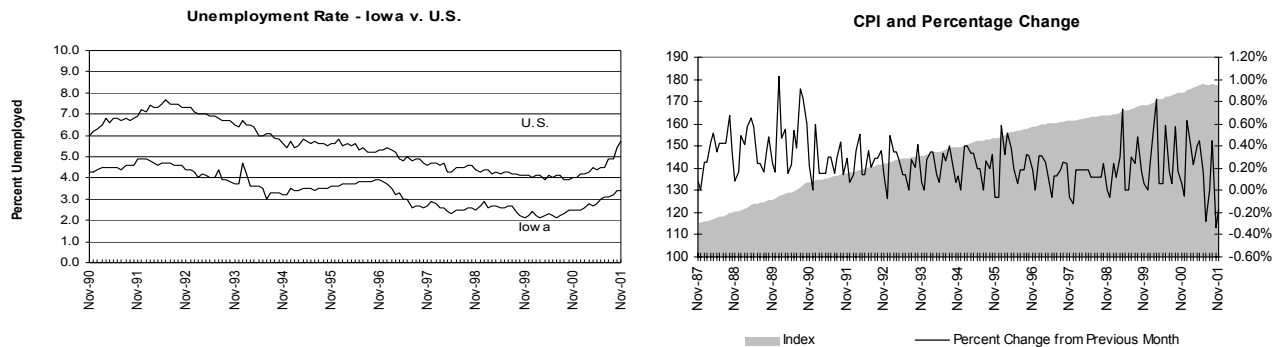
The REC projected FY 2002 corporate income tax receipts at \$242.1 million, a decrease of 15.0% compared to actual FY 2001.

Status of the Economy

The November seasonally adjusted State unemployed remained unchanged at 3.4% from the October level. The unemployment rate a year ago was 2.6%. Iowa's total adjusted November employment registered at 1,537,300, up 7,500 from last year's level. The number of unemployed persons in Iowa was recorded at 53,700 in November, which is up 13,100 compared to last year's level. The amount of unemployed workers in November decreased 700 from last month's level. The U.S. unemployment rate in November increased sharply for the second consecutive month to 5.7%, and is the highest reported level since January 1996. The U.S. unemployment rate a year ago was 4.0%.

Consumer prices decreased for the second consecutive month in November from the October level by 0.2%. The Consumer Price Index (CPI-U) through November 2001 was 177.4 (1983=100), which is 1.9% higher than one year ago.

The following series illustrate U.S. and Iowa unemployment comparisons and the CPI through November 2001.



Information related to State General Fund receipts is available on the Legislative Fiscal Bureau's website at: <http://staffweb.legis.state.ia.us/lfb/>. If you have questions regarding this service, you may contact Glen Dickinson (515-281-4616).

GENERAL FUND RECEIPTS - FY 2001 vs. FY 2002 July 1 through December 31, in millions of dollars Dollars may not add due to rounding					ESTIMATED GENERAL FUND RECEIPTS in millions of dollars FY 01 Actual Compared to FY 02 REC Estimate			
	FY 2001	FY 2002	Year to Date		Actual FY 2001	Estimate FY 2002	% CHANGE	
			% CHANGE	December				
			% CHANGE	% CHANGE				
Personal Income Tax	\$ 1,045.0	\$ 1,065.4	2.0%	4.7%	\$ 2,426.6	\$ 2,486.6		2.5%
Sales Tax	736.0	742.5	0.9%	-2.9%	1,441.7	1,483.0		2.9%
Use Tax	124.3	121.1	-2.6%	-24.2%	249.4	251.9		1.0%
Corporate Income Tax	122.8	104.8	-14.7%	-13.3%	284.8	242.1		-15.0%
Inheritance Tax	49.8	52.6	5.6%	-4.9%	104.6	115.0		9.9%
Insurance Premium Tax	0.5	-0.2	-140.0%	N.A.	126.6	132.9		5.0%
Cigarette Tax	44.7	44.1	-1.3%	-13.6%	89.6	89.6		0.0%
Tobacco Tax	3.3	3.6	9.1%	0.0%	6.7	6.7		0.0%
Beer Tax	7.2	7.2	0.0%	0.0%	13.6	13.9		2.2%
Franchise Tax	15.4	14.7	-4.5%	-2.2%	31.2	29.5		-5.4%
Miscellaneous Tax	1.8	2.9	61.1%	-400.0%	1.3	1.3		0.0%
Total Special Taxes	\$ 2,150.8	\$ 2,158.7	0.4%	-0.6%	\$ 4,776.1	\$ 4,852.5		1.6%
Institutional Payments	23.4	24.2	3.4%	8.6%	47.2	46.4		-1.7%
Liquor Transfers:								
Profits	18.0	18.5	2.8%	0.0%	37.5	37.0		-1.3%
7% Gross Revenue	4.5	4.5	0.0%	0.0%	9.0	9.0		0.0%
Interest	11.3	8.5	-24.8%	25.8%	18.2	30.0		64.8%
Fees	31.4	31.9	1.6%	27.9%	72.5	71.2		-1.8%
Judicial Revenue	18.9	17.7	-6.3%	-50.0%	48.8	51.6		5.7%
Miscellaneous Receipts	25.5	20.5	-19.6%	-57.6%	45.2	34.7		-23.2%
Racing and Gaming Receipts	60.0	60.0	0.0%	0.0%	60.0	60.0		0.0%
TOTAL RECEIPTS	\$ 2,343.8	\$ 2,344.5	0.0%	-0.7%	\$ 5,114.5	\$ 5,192.4		1.5%